

SENATE RECORD VOTE ANALYSIS

104th Congress
2nd Session

Vote No. 10

February 7, 1996, 11:41 a.m.
Page S-1036 Temp. Record

FARM BILL/No Consent for the Northeast Interstate Dairy Compact

SUBJECT: Agricultural Market Transition Act of 1996 . . . S. 1541. Wellstone (for Kohl) amendment No. 3442 to the Craig (for Leahy/Lugar) substitute amendment No. 3184.

ACTION: AMENDMENT AGREED TO, 50-46

SYNOPSIS: As introduced, S. 1541, the Agricultural Market Transition Act of 1996, will make sweeping changes to the Nation's farm policies. Farm programs will be reformed to allow farmers to plant what they want when they want, acreage reduction programs will be eliminated, and spending on farm programs will be capped so that subsidy payments will decline as part of a 7-year transition to full market-oriented farming.

The Craig (for Lugar/Leahy) substitute amendment would make numerous compromise changes (see vote No. 9).

The Wellstone (for Kohl) amendment would eliminate the provision in the Craig (for Leahy/Lugar) substitute amendment that would grant consent to the formation of the Northeast Interstate Dairy Compact. That compact would allow 6 New England States initially, and up to 12 other States eventually, to increase the price paid to producers (farmers) for class I fluid milk in the region if they chose (class I fluid milk is sold for drinking; class II, III, and IIIA milk is sold for making cheese and other products). Under current law, the price that farmers must be paid for the milk they produce is set by the Federal Government. That price varies by region. Under the proposed compact, the New England States would be allowed to determine the price that must be paid to producers of milk that was sold in their States. They would be allowed to increase the price by \$1.35 per hundredweight to \$17.40 immediately; future increases for inflation would be allowed. Milk bought from producers in other States would also have to be bought at this price through compensatory payments. Additionally, the compact would allow subsidies to be given to milk processors in compact States for milk that they exported to other States.

Those favoring the amendment contended:

Although this proposed version of the Northeast Interstate Dairy Compact is slightly better than the version that was debated in

(See other side)

YEAS (50)		NAYS (46)		NOT VOTING (4)	
Republicans (25 or 50%)	Democrats (25 or 54%)	Republicans (25 or 50%)	Democrats (21 or 46%)	Republicans (3)	Democrats (1)
Abraham	Bingaman	Ashcroft	Akaka	Domenici ⁻²	Bradley ⁻²
Brown	Bryan	Bennett	Baucus	Gramm ⁻²	
Campbell	Bumpers	Bond	Biden	Hatfield ⁻²	
Coats	Byrd	Burns	Boxer		
Craig	Conrad	Chafee	Breaux		
DeWine	Daschle	Cochran	Dodd		
Dole	Dorgan	Cohen	Feinstein		
Faircloth	Exon	Coverdell	Graham		
Frist	Feingold	D'Amato	Heflin		
Grams	Ford	Gorton	Hollings		
Grassley	Glenn	Gregg	Inouye		
Hatch	Harkin	Helms	Johnston		
Hutchison	Kerrey	Jeffords	Kennedy		
Inhofe	Kohl	Kassebaum	Kerry		
Kempthorne	Lautenberg	Lott	Leahy		
Kyl	Levin	Lugar	Lieberman		
McCain	Moseley-Braun	Mack	Mikulski		
Nickles	Nunn	McConnell	Moynihan		
Pressler	Pryor	Murkowski	Murray		
Roth	Reid	Shelby	Pell		
Santorum	Robb	Smith	Sarbanes		
Simpson	Rockefeller	Snowe			
Specter	Simon	Stevens			
Thompson	Wellstone	Thomas			
Warner	Wyden	Thurmond			

EXPLANATION OF ABSENCE:

1—Official Buisiness
2—Necessarily Absent
3—Illness
4—Other

SYMBOLS:

AY—Announced Yea
AN—Announced Nay
PY—Paired Yea
PN—Paired Nay

the 103d Congress, its essential nature has not changed. It still would allow the New England States to set up a beverage milk cartel to protect themselves from competition from the other States. This form of trade barrier is exactly the kind of practice prohibited by the commerce clause of the Constitution. Congress, in its constitutional role of regulating commerce, has frequently approved compacts on such matters as bridge and tunnel projects, waste disposal, and boundaries. It has never before approved a proposal to restrict interstate commerce, however, and it should not start now.

Our colleagues argue that we are overreacting because the New England milk market, as a percentage of the total beverage milk market, is so small and isolated that agreeing to this compact would not affect the rest of the United States. However, the compact would expressly allow an additional 12 States to join it eventually. If those States joined, the milk cartel would then be protecting 20 percent of the total fluid milk market. Further, even if these additional States did not join, Congress would have set the principle that it is permissible for a few States to combine to create trade cartels against the other States. Approving this cartel would likely be only the beginning of a total balkanization of America's economy.

We sympathize with those New England Senators who are concerned that their dairy industries are in rapid decline. Their dairy farmers, though, are not the only dairy farmers who are going out of business. The problem is national. Wisconsin, for instance, had 45,000 dairy farms 15 years ago, and today it has only 27,000. The solution to this problem is not to set up a trade cartel that will help a few States and will hurt every other State.

Some Senators have objected that a few large States have been given authority similar to the authority that the New England States have requested. These Senators are wrong. California, for example, has been exempted from Federal Government milk-marketing orders, as our colleagues have asserted. However, it has not been given the right to erect barriers to non-California milk.

Under the proposed compact, all milk, no matter where it was produced, would have to receive the higher compact price. No one could bring milk into the region and sell it at a lower price. This requirement would effectively block all milk imports, because the only way milk from other regions can be competitive is if lower production costs more than offset the cost of transporting the milk to New England. The compact would make lower production costs illegal.

Another effect of this compact is that it would encourage overproduction and exports to other States. New England farmers, when they received more money for the milk they produced, would of course produce more milk. We do not expect that paying farmers more for their milk would result in lower retail prices; if anything, prices would rise. Thus, this compact would result in more milk being produced in New England than could be sold. That milk would then be exported to the other States. The compact even specifically provides that milk processors could be given subsidies to make their exports of surplus milk products more competitive.

Frankly, we should not be in the position of having to talk about "exports" when talking about trade between the States. For more than 200 years the United States has had totally free interstate trade, as our Founding Fathers intended. We will not vote to restrict interstate trade, and we therefore strongly support the Feingold amendment to strike the authorization for the Northeast Interstate Dairy Compact.

Those opposing the amendment contended:

The Northeast Dairy Compact is not the monster that its critics have made it out to be. The issue is purely regional. Only 1.5 percent of the beverage milk produced in the United States is produced in New England, and over 97 percent of the milk consumed in New England is processed within the region. Further, of that milk that is processed, 75 percent is produced in-region and the rest is produced by New York. In short, we are talking about a local, contained market. Senators who portray this compact as setting up unprecedented barriers to interstate trade are simply not looking at the facts. Trade must first exist before it can be blocked, and in this case, trade does not exist.

Several large States already have limited or total exemptions from the controls of Federal milk-marketing orders. For example, California has been allowed out of the pricing system. The New England States, in size, do not approach the size of California. We think it would be only fair to allow these 6 small States to be given the same rights that have been given to California and other large States.

The New England States have asked for the right to set higher milk prices in-region because their dairy farmers are in serious trouble. The milk marketing order price for New England farmers' milk is below the production costs of that milk, so they are going out of business. In 1978 in Maine, for example, there were 1,133 dairy farms; today there are 600. New Englanders understand that agreeing to this compact will result in higher milk prices for them, but all 6 States have overwhelmingly endorsed its creation. These States could survive without dairy farms, but such farms are a strong part of the region's historical and cultural identity, and New Englanders do not want to see them die out.

New England's dairy market is strictly local--it has no effect on the rest of the country. That market is in trouble, and the New England States unanimously agree they should form a compact to help their dairy farmers. Before they constitutionally are allowed to form that compact, Congress must give its approval. Historically, Congress has approved compacts that have had only regional effects. It should do so in this case as well. Therefore, we oppose the Feingold amendment.